

THE JACOBS REPORT

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BUDGETS PASS SENATE

The Senate concluded its 2005-06 budget process this week, sending 17 pieces of legislation to the House. Highlights of the Senate deliberations include added money for at-risk and 20j school districts—money that will be added to the pot by increasing tax audits to ensure that Michigan homeowners are paying the correct amount of state tax.

“The citizens expect us to live within our means,” said Senate Majority Leader Ken Sikkema (R-Wyoming), who touted the fact that the budget was balanced without any reliance on fee or tax increases.

The budget also continues what Senator Sikkema said was the Senate’s emphasis on education.

Democratic Leader Bob Emerson (D-Flint) disagreed, saying that although the legislative rhetoric for years has said that education is Michigan’s top priority, in reality the top priority has been tax cuts.

Emerson has introduced legislation (SB 246), that would guarantee annual funding increases for schools and colleges. The senator has argued that only with the passage of SB 246 will education truly be the state’s top priority.

But the bill requires retroactive payments for the last three years, which would require a one-time payment of \$1.5 billion, which Gary Olson, director of the Senate Fiscal Agency, said would force the state to either give up some functions or raise the income tax from the current 3.9 percent to 4.75 percent or boost the sales tax from the current 6 percent to 7.1 percent.

The measure also would have the state pick up a substantial portion of the public school employee pension system and health care costs, which could skyrocket.

Sen. Emerson, who played a role in the drafting of Proposal A, said when the funding proposal was created, no one expected that the state would reach a point when funding would not increase for three years.

Michigan’s tough economic times, as well as some of the unintended effects of Proposal A, is hurting most of the state’s schools, Sen. Emerson said.

Sen. Emerson also explained that he was not wedded to the bill in its current form. Most importantly, SB 246 was crafted to initiate discussions on the adequacy of school funding—rather than just the question of equity. “We have worshipped at the altar of equity long enough,” Sen. Emerson said.

OMNIBUS CONFERENCE COMMITTEE?

In contrast to the Senate’s traditional budget process, the House passed its entire budget last week in one piece of legislation, a 700-page 17-section, omnibus budget bill (HB 4831). Conventional wisdom assumed that the bill would ultimately be parceled off into 17 separate bills so that points of difference between the House and Senate could be worked out in 17 conference committees.

But that may not happen.

Legislative leaders met this week and discussed the possibility of one budget conference committee.

Tentatively, the plan is for both chambers to reject the other’s budget in respect for the process. Senate Appropriations Chair Shirley Johnson (R-Royal Oak) prefers that the process be broken up into 17 bills with 17 separate conference committees—the traditional process. House Republican leadership, however, would rather have one omnibus conference committee, seeing that the process worked so smoothly for them last week.

It’s not certain how that omnibus conference committee would work. House Clerk Gary Randall and Secretary of the Senate Carol Viventi are discussing whether or not joint House and Senate rules would need amending to allow more than six legislators to serve on an omnibus conference committee.

DEMOCRATS FIGHT BUDGET CUTS

During the budget process, Senate Democrats focused their energies on protecting the essential needs of Michigan’s less fortunate citizens. Members of the Senate Appropriations Committee harshly criticized House and Senate Republicans for a budget that they say does not share the essential values of Michigan’s citizens.

“This budget lacks an investment in families, our communities, and efforts to attract and retain good-paying jobs,” said Senator Mike Prusi (D-Ishpeming). “The budget in front of us represents flawed judgment and wasteful spending on behalf of special interests.”

Dems criticized the House omnibus budget bill for eliminating health insurance for over 40,000 citizens and creating premiums and co-pays for Medicaid recipients.

“I’m not sure how someone could sleep at night having just taken health insurance away from 43,000 poor and mentally ill citizens,” said State Sen. Deb Cherry (D-Burton). “We have a moral obligation to assist society’s most vulnerable citizens.”

Democrats also came down on House and Senate Republicans for cuts to home and community-based waiver rates that will force seniors into expensive nursing homes as well as Medicaid spending cuts that will deprive the state of millions of dollars in federal matching funds. They also questioned cuts to at-risk students.

“Any cuts that unfairly target our most vulnerable citizens– whether it’s the poor, the disabled, the unemployed – are unconscionable,” said Sen. Mickey Switalski (D-Roseville). “Good schools and healthy families are essential to developing a thriving economy.”

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/> .

State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at sengjacobs@senate.michigan.gov or toll-free at 1-888-937-4453.

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